

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20

STR-08 CEA-02 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01

FSE-00 ABF-01 INT-08 DRC-01 /189 W
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R 101421Z JAN 74

FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 4922

UNCLAS BUENOS AIRES 0224

E.O. 11652: N/A

TAGS: ECON, AR.

SUBJECT: CONSUMER PRICE INDEX: NOVEMBER-DECEMBER 1973.

REF: A) BA-8450 B) BA-9350.

1. OFFICIAL CONSUMER PRICE INDEX INCREASED BY 0.8 PERCENT IN NOVEMBER AND 8.1 PERCENT IN DECEMBER, RESULTING IN TOTAL INCREASE OF 43.8 PERCENT FOR 1973. INDEX HAD ALREADY RISEN 32 PERCENT BY MAY, WHEN NEW PRICE CONTROL POLICY INITIATED. DECEMBER WAS FIRST SUBSTANTIAL INCREASE UNDER NEW GOVERNMENT AND WAS DUE TO SHARP RISE IN FOOD CATEGORY. THIS ATTRIBUTED TO INCLUSION SPECIAL HOLIDAY ITEMS IN CALCULATION OF INDEX FOR MONTH.

2. GOVERNMENT ALSO RELEASED SEASONALLY ADJUSTED INDEX FOR NOVEMBER AND DECEMBER WHICH DOES NOT REFLECT SEASONAL ITEMS AND THUS SAID TO BE BETTER INDICATOR OF BUYING POWER IN CONSTANT TERMS. THIS INDEX SHOWED NO CHANGE IN NOVEMBER AND 0.9 PERCENT INCREASE IN DECEMBER. TOTAL INCREASE FOR YEAR AGAIN 43.8 PERCENT, BUT IN THIS CASE 42 PERCENT ATTRIBUTED TO FIRST FIVE MONTHS.

3. COMMENT: SUCCESS OF PRICE CONTROL, POLICY AT CONSUMER LEVEL
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GENERALLY WELL RECOGNIZED AND UNLIKELY TO BE BADLY TARNISHED

BY DECEMBER INCREASE, PARTICULARLY IF INDEX DECLINES IN JANUARY AS GOA SAYS IT WILL. FOOD CATEGORY, AND THEREFORE CPI, TRADITIONALLY INCREASES SHARPLY IN DECEMBER AND DROPS BACK IN JANUARY AS SPECIAL SEASONAL ITEMS WITHDRAWN FROM CALCULATIONS. PROSPECTS FOR CONTINUED RELATIVE STABILITY IN CPI GREATLY IMPROVED BY RECENT GOA DECISION TO ABSORB HIGHER PRICES OF SELECTED INDUSTRIAL RAW MATERIAL IMPORTS (REF B) RATHER THAN PASS THEM ON THROUGH PRICE INCREASES. WHILE DETAILS THIS PROGRAM STILL BEING WORKED OUT, IT NOW BEING REPORTED BY PRESS THAT FOREIGN EXCHANGE FOR PURCHASE OF PRIORITY IMPORTS WILL BE MADE AVAILABLE AT RATE OF 5 PESOS PER US\$ RATHER THAN ESTABLISHED FINANCIAL RATE OF 10 TO 1, AND THAT THIS RATE WILL APPLY RETROACTIVELY TO IMPORTS MADE SINCE SEPTEMBER 15, 1973.

KREBS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RETAIL PRICE INDEXES, PRICE CONTROLS
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Copy: SINGLE
Draft Date: 10 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BUENOS00224
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
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Handling Restrictions: n/a
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